Daily Report

Latin America

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Cuba

Further Reports on Geneva Quadripartite Talks

PA0408191388 Havana International Service in Spanish 1600 GMT 4 Aug 88

[Text] The fourth round of talks on the southwestern Africa situation continued today in Geneva, Switzerland. According to the official agenda, the talks will conclude today. Although no details on the issues discussed have been disclosed, it has been learned that the experts representing Angola, Cuba, and South Africa—with U.S. mediation—are divided into work committees.

During the opening meeting last Tuesday, in violation of the ethics that prevailed in the preceding three meetings, the South African regime openly reported the proposal its delegation had presented a few minutes before at the negotiating table. This attitude by Pretoria provoked a protest declaration by the Angolan and Cuban joint delegation. In addition, the Angolan and Cuban representatives rejected the proposal, which attempts to reinstate the so-called theory of the [words indistinct], linking the application of UN Security Council Resolution No 435 for Namibia's independence to the withdrawal of the international Cuban volunteer troops in Angola.

Talks Extended to 5 Aug

FL0408175988 Havana Radio Rebelde Network in Spanish 1700 GMT 4 Aug 88

[Excerpts] The quadripartite talks for a negotiated solution in southwest Africa resumed this morning in Geneva. [passage omitted] It was reported that the representatives from Angola, Cuba, South Africa, and the United States are working in several committees but that the objective of each individual group was not revealed.

According to the schedule, this fourth round of talks was supposed to conclude today, Thursday. However, spokespersons for the four delegations who are attending the Geneva meeting confirmed that the talks will extend to tomorrow, Friday [5 August].

RSA 'Trying To Block' Accord

PA0508034888 Havana International Service in Spanish 0000 GMT 5 Aug 88

["Point of View" commentary read by Nestor Nunez]

[Text] As the quadripartite talks to resolve the crisis in southwestern Africa enter a crucial phase, after an agreement in principle was reached in New York last month, South Africa is trying to block an agreement. Breaking the silence demanded at these meetings, which was strictly complied with at the meetings in London, Cairo, and New York, South African Foreign Minister Roelof Botha, speaking in Pretoria, outlined his country's proposal, even though the Cuban-Angolan delegation had not issued a statement. The text of the proposal, presented to the press with a great deal of fanfare and in open violation of the talks' principles, cannot conceal its racist intent. This proposal once again links Namibia's independence to the withdrawal of Cuba's internationalist troops from Angola. In fact, the South African regime's proposal calls for elections in Namibia on 1 June 1989 and demands the complete withdrawal of the Cuban troops prior to that date.

Cuba, Angola, and the United Nations have traditionally rejected this linkage policy, and the South African proposal has thus been described as an effort to delay the negotiations. Part of Pretoria's plans to block an agreement and create an uncomfortable atmosphere are intrigues by UNITA [National Union for the Total Independence of Angola], South Africa's godchild, which has said the USSR contacted Angolan counterrevolutionary groups that could serve as mediators for a national reconciliation. This campaign, which was carried out in the Portuguese press, has been denied by (Aleksandr Smirnoff), an adviser at the Soviet Embassy in Luanda. (Smirnoff) described the campaign as slander and an effort to create a schism among the USSR, Angola, and Cuba just when serious efforts are being made to achieve peace in southwestern Africa.

South Africa has been forced to the negotiating table by domestic problems, constant defeats at the hands of the Cuban-Angolan troops, and strong international pressures. What many Western press agencies have described as a South African initiative, however, is no more than an interest in reviving old concepts with U.S. encouragement. To achieve a fair and lasting solution to the conflict, the South African authorities must demonstrate a desire to negotiate, seriousness, and respect for the negotiations' principles, requirements they violated at the Geneva meeting.

Melendez in Mexico; To Discuss Cooperation

FL0408134288 Havana Radio Progreso Network in Spanish 1100 GMT 4 Aug 88

[Text] Ernesto Melendez, minister president of the State Committee for Economic Cooperation, is in Mexico. He will discuss economic cooperation matters with Mexican officials.

Port Congestion Criticized; Response Urged

FL0508030388 Havana Radio Rebelde Network in Spanish 2312 GMT 4 Aug 88

[Excerpts] [Announcer Jose Arteaga] Good evening Cuba, good evening Daniel [Daniel Torres, host of "Exclusivo" program].

[Torres] Good evening, Arteaga.

[Arteaga] As you said earlier, we attended a lengthy meeting of the people's government here in which they analyzed the port situation throughout the country, especially in Havana, where it affects the food supply.

Next to me I have Mario Barbadio, deputy director of wholesale trade in Havana. He will tell us what their situation is and how they're responding to the situation in Havana port. [passage omitted]

[Torres] Barbadio, I think our "Exclusivo" listeners should known about the situation of the ship "Pino del Agua," which has been anchored since 13 June 1988 and still has merchandise aboard. Port officials have said that the problem with the crane has been resolved. We would like you to tell us what other response the port has made and when the merchandise, which includes canned meat, will be unloaded.

[Barbadio] The "Pino del Agua" has been here since June. It has problems with its crane. The solution was that they moved it from the [words indistinct] dock and moved it to the maritime terminal to install two land cranes to unload the merchandise.

We have about 402 tons of merchandise on this ship, including canned meat which is to be distributed. [passage omitted]

[Torres] What is going to be done to resolve this situation? When will they unload the food which our population so badly needs?

[Arteaga] Daniel, I think that Rebelde's "Exclusivo" needs to follow this problem very carefully because transportation is closely connected to the situation. The comrades from wholesale say they don't have enough trucks for their operations, to unload the merchandise at the ports. They say it's transportation...

[Torres, interrupting] No, no. We know that, Arteaga. Excuse me. We are familiar with the list of justifications given during the past few days by the comrades of port transportation, the internal economy network. We have visited the port. We visited the transportation and internal economy comrades.

When will they unload the merchandise? When will they make the 12,000 tons of food on the ship available to the people who badly need the goods? Give us a date. That's what Rebelde's "Exclusivo" wants. No, I think this crisis cannot be justified.

Didn't you come up with a solution at this meeting?

[Arteaga] No, Daniel, a date was not set during this meeting. Unfortunately, no date was set. The port comrades were only asked once again to solve this problem. Barbadio has a few things he'd like to say. [passage omitted]

[Barbadio] We have many products that are subject to regulations. We have a commitment to the population because these are basic goods. We are working with the port to have them release this merchandise. We have a set date for making these items available to the population.

[Torres] Barbadio, what I asked Arteaga is whether you sought an immediate solution to this problem at the meeting that just ended. Did you reach a solution that would not leave the decision up to the comrades but would force the resolution of this problem? That's our question.

[Barbadio] Yes, it was decided at the meeting that the comrades from the government will call on the ministries to hold a meeting at a higher level to see what kind of solution can be reached by the ministries. [passage omitted]

[Torres] When will we resolve the problem of unloading merchandise? That's what we're asking.

[Barbadio] I can tell you, Daniel, that we make our plans weekly. We are struggling to get the merchandise unloaded but there are also some other very serious problems.

A report was presented at the meeting. The government systematically checks the situation in the ports and with the national producers in order to respond to the population's needs.

[Torres] Yes, a response is needed, a comprehensive, practical response. We can't spend time every day on the problems of the ports, transportation, and warehouses and go on using words that mean nothing while the merchandise continues to clog the ports throughout the country and while the people continue to wait for these products.

In any case, we thank Comrade Barbadio and Arteaga for this live report for Rebelde's "Exclusivo."

Demurrage Charges Reported

FL0408020888 Havana Radio Rebelde Network in Spanish 2310 GMT 2 Aug 88

[Text] Friends, "Exclusivo" has just learned that Cuba will pay close to 50,000 pesos this month in demurrage for a single ship that has been delayed 13 days in the port of Santiago de Cuba. This ship carries general cargo and cannot be unloaded because of congestion at the Santiago port installations.

According to a last-minute communique from reporter Leivis Montoya of the national division, three ships are in a similar situation in Havana port and another ship is experiencing the same problem in Manzanillo.

I repeat, Rebelde's "Exclusivo" has just learned that Cuba will pay close to 50,000 pesos this month for demurrage for just one ship that has been delayed in Santiago de Cuba port.

Contamination Affects Fishing Industry, Economy

FL0308222088 Havana Radio Rebelde Network in Spanish 2309 GMT 1 Aug 88

[Report by Roxana Valdivia, Radio Surco correspondent in Ciego de Avila]

[Text] [Valdivia] Good evening, Daniel [announcer Daniel Torres]. Good evening, Cuba.

Rebelde's "Exclusivo" [newscast] continues to follow what is happening with the contaminated waters in Jucaro. How far has this contamination extended? As we said earlier, the pollution is the result of the industrial waste from torula yeast production and the sugar mill.

The fishermen say that the pollution now extends about 9 miles beyond Cayo Campo, near other small areas such as Joroba, Jorobita, and Encantado. They also say that the ocean bottom is so polluted that the fishing nets have been damaged.

Daniel, you asked me about the economic losses resulting from this contamination.

[Torres] Yes, as you recall a comrade from Cabaiguan asked us about the losses in this area. Do you have this information now?

[Valdivia] We were told that the negative affect to the economy has to be determined by using previous statistics. Approximately 150 to 200 tons of fish used to be caught here annually. This includes fish of first, second, and third class quality. So that our listeners can have a better understanding of these statistics, this equals approximately 90,000 pesos a year.

This morning we were speaking with a few experienced fishermen. They say that they are now catching dead fish in waters that previously were abundant with life.

As the comrade from Cabaiguan asked on Saturday, who will pay for this? There is enough justification for the environmental commission in Venezuela municipality to become active in the area. The provincial commission has not been able to visit the area yet and will not be able to do so until Wednesday. On that day they will also tour the Palo Alto area.

Transportation problems are being blamed for this situation but we wonder if this is just an excuse.

The provincial fishing enterprise in Ciego de Avila will take the necessary measures once the causes have been determined.

The fishermen say that they reported this phenomenon several years ago. Some say they reported it in 1980. In the meantime, the provincial fishing enterprise says they submitted reports to the environmental commission and the commission says they debated and discussed this matter in their meetings.

We have to ask: Where did the process break down? At what point did the chain of responsibility break down?

We think this matter is of great importance and that several parties, including the construction and assembly enterprise of the Sugar Ministry, as well as the torula yeast factory, the sugar mill, and the state arbitration organ, and all the rest of us, have to be concerned about such circumstances.

Daniel, of one thing we are sure. If compensation has to be made, it undoubtedly has to be made to our country's development, our economy, because in Cuba we cannot allow ourselves the luxury of losing a single fish, since this is an important source of income.

How many fish have died? Are swimmers affected by the pollution in Jucaro and Palo Alto? Has the chemical and biochemical demand for oxygen increased? What damages are reported from increased levels of nitrate and other chemicals? We'll learn the answers to these questions once the investigators fulfill their role in this matter.

We reported on Saturday, Daniel, that the problem arose when the torula yeast factory was built without an oxidization lake or some other method to handle wastes. Lack of concern and professional behavior, as well as indolence, have contributed to this problem.

We now await the events of the next few days. "Exclusivo" will keep you informed.

Haiti

Jean-Rabel Anniversary Marked in Grande Anse

FL0408013388 Port-au-Prince Radio Soleil Network in Creole 1830 GMT 3 Aug 88

[Text] Approximately 400 peasant farmers from the Grande Anse assembled on Sunday, 31 July, to remember their fellow small peasant farmers murdered in Jean-Rabel on 23 July of last year. They were not able to commemorate the event on Sunday, 24 July, as was done in many other places. Therefore, they commemorated it a week later.

On the occasion they organized a religious ceremony at the Catholic church, even though not all the peasants who were present are Catholic. Peasants who are Protestants and practitioners of voodoo were also present,

and they said that when something having to do with peasant life was involved, all peasants must stand together, because no color, no religion, has a monopoly on extreme poverty.

The peasants sang many little songs that had been written by the peasants of Jean-Rabel. They also staged plays illustrating all the different kinds of exploitation to which they have been subjected for a very long time and against which they must struggle.

The peasants also recalled that it was against such injustices that the small peasant farmers of Jean-Rabel had been struggling, and noted that it was up to them to continue the struggle.

Among the offerings the peasants of the Grande Anse brought to offer up to God were all kinds of tools they use to work the land and the fruits they grow in the region's gardens. They also brought a creole pig they had managed to save from the Pepadep [African Swine Fever control project, during which all Haitian creole pigs were to have been slaughtered]. This creole pig symbolized their willingness to fight to get back the pigs that the Haitian and U.S. Governments tore out of their hands.

Msgr Willy Romelus, bishop of the Grande Anse, preached at this ceremony. He called on the peasants to continue struggling against all forms of repression used by the armed exploiters.

Msgr Romelus feels that there must be a true revolution in Haiti in order for us to extricate ourselves from this situation.

[Begin Romelus recording, in progress] ...and the group in Leon seek to get together with other groups in other places and in other parishes. All the groups in the diocese should get together with all other groups in other places, other towns. It is then that you will represent a force. You are a force. It's just that you yourselves don't know it. You don't know what a force you are for Haiti. You are an economic force, but you are also a force capable of imposing your wishes, capable of saying: Abraham says, enough is enough. They have exploited us enough. It is time for us to be able to raise our heads before our leaders who are not at all on our side, who are not at all on the same wavelength, who are not at all seeking our well-being.

In 1986 and 1987, we sought to organize. What did they say about us when we tried to organize ourselves? They said we were communists.

The priests were called communists. The leaders were called communists. Groups were called communists. Adult literacy was labeled communist. The grassroots parishes were labeled communist. All were labeled communist. [Words indistinct] seeking to raise their heads. Christians seeking to raise their heads encounter problems.

And we are not saying they should give communists problems, because the country's Constitution says they have a right to exist. We are not saying that they should cause problems for the communists. They don't have a right to mistreat, massacre, arrest, or jail them. They don't have a right to do that because Haiti's Constitution gives the communists the right to exist.

Ah, but there isn't any constitution! The general has done away with the Constitution. The general has done away with it!

The general [jeneral la], known affectionately as the general [jal la], all by himself did away with that which a majority of people in the country ratified! Ninety-five percent of the people in the country ratified a constitution to defend their rights and to say how things should function and a single person [words indistinct] and the Constitution is abolished. The Constitution is abolished!

Should the Haitian people look the general in the eye and say to him: General, you have the right to abolish the Constitution? Absolutely not! The general does not have the right to do this. The general is not Haiti. The general is a single person who (?stole) power. He (?was not given power). And that is what he has gone and done.

And last year, at around this time of the year, we launched a phrase. We said: Uproot your cassava plants! This phrase upset many people greatly. This phrase made many people sick—Christians, non-Christians, people on our side, people not on our side. They were very upset. They said: Oh? Well, that man doesn't know what he is talking about.

I knew full well what I was talking about, and today again, if I must repeat it, I will repeat it—the same thing all over again.

And back when I said that, what did I mean? It meant that the people who were going to hold the elections were cats who had been given the task of guarding the canary. They were cats given the task of standing guard over the milk, of watching over the meat. That's what I meant. If you give the cat the task of watching over the meat, what is going to happen? The cat is going to eat it. Well, isn't that what happened? We said it would happen.

Back then we said that if those people were put in charge of holding elections in Haiti they would either put a man of their choice in power or else they would seize power themselves. And that is what happened.

Well, the Haitian people have to make them uproot their cassava plants and go away because they are not going to do a thing for us. They are not on the side of the Haitian people. That is what I meant.

And what has happened? What has happened is that they have massacred us as much as they have been able to. In July, there was Jean-Rabel, and from Jean-Rabel [words indistinct] the month of November, they massacred people all over the place. [end recording]

At the end of the mass, the peasant groups addressed a message to the peasants of Jean-Rabel and all other small peasant farmers in Haiti. They invited them to stand firm, and said that whenever one of them fell, 10 others should arise in his place.

[Begin speaker recording] We members of the peasants groups in this area are wondering why is it that small peasant farmers who have to carry all these heavy loads? Words cannot express how many blows we have suffered from February 1986 to the present day. We will call to mind a few of these blows.

They killed, with [words indistinct], peasants in Milot over a matter of land. The macoutes in the Artibonite are breaking the arms of the small peasant farmers and seizing their lands. In the southeast, every week there are peasants who are organizing and they are arrested and mistreated. In Les Cayes, they repressed the small peasant farmers because they were saying that the cost of renting land from the government was too high. As for the central plateau, the Papaye Peasants Movement is undergoing great travail. They arrest them, label them communists, and make them flee. In the Grande Anse, everyone remembers what happened to us during the Sansaricq affair. They even killed a small peasant farmer in the Duchity area.

At present, the peasants in (Danty) have their backs against the wall. From the connivance with Pepadep (?against the people) to the contraband in rice from Miami, the Haitian Government, which is the flunky of U.S. imperialism, is conspiring to do us in.

Today we small peasants, workers who slave in factories for a tubercular man's meager salary, students struggling for a different educational system, all people's organizations struggling to take the reins of power into our own hands, in the [words indistinct] we are setting forth here, recall the peasants who fell in Jean-Rabel so that peasants, workers, and the youth of Haiti can have a different, better life. We are continuing to strengthen our organizations in order to mobilize so that we can block the path of all the forces of death that want to run us down. [end recording]

Briefs

Prices of Staples Increase

A study made by the Bank of the Republic of Haiti, BRH, shows a rise in the price of staples. According to this BRH study, prices increased almost across the board from April to June 1988. The increases range from 1.82 percent to 13.16 percent. Cereals were the most affected, particularly imported rice. [Summary] [*FL0408141288 Port-au-Prince Radio Metropole in French 1600 GMT 3 Aug 88*]

De la Madrid Vows Not To Increase Spending

PA0508000088 Mexico City Red Nacional 13 Imevision Television in Spanish 1955 GMT 4 Aug 88

[Excerpt] Today President Miguel de la Madrid said that the government will adjust its expenses to the extent necessary and will avoid any end-of-term increase in spending. In a speech inaugurating the fourth national banking meeting, the president said preparations are being made for an orderly, straightforward transfer of power to avoid inadvisable disruptions in society and the economy. We will handle the transfer of power according to law and in a clear-cut, responsible manner, keeping the Mexican revolution firmly in power, he said.

In a ceremony at a theater in Monterrey, Nuevo Leon, attended by local and international bankers, President de la Madrid referred to the Economic Solidarity Pact and to his rejection of demagogy and irresponsible statements:

[Begin De la Madrid recording] We know that the struggle against (?inflation) continues to be our first priority. This is because the country's economic stability is an indispensable basis for a firm, solid, and stable development that will in turn open the door to a more just and egalitarian society. For this reason we will continue to take the necessary measures to maintain fiscal, monetary, and credit discipline. This will be done by the government under the Economic Solidarity Pact, the next phase of which we will promote beginning next week.

I am sure that after looking at the results of this social pact, the various sectors of the population will make their best efforts to continue along the path we have charted for ourselves. This is not a time to lose heart or a time to (?abrogate) a pact that has given us such good results.

Consequently, the government will limit and adjust public spending to the extent necessary. There will be no end-of-term increase in spending or any hastiness or eagerness to begin or conclude projects or [words indistinct] of orderly and efficient government work.

The government will continue working with (?propriety) and responsibility. We will avoid spectacular measures that promote [words indistinct] popularity, make the population restless, or involve burdensome commitments for the new administration. [applause] The fundamental interest is the nation's interest. [applause] [end recording] [passage omitted]

Petricioli Denies Rumors of Debt Moratorium

FL0308233688 Mexico City NOTIMEX in Spanish 2227 GMT 3 Aug 88

[Text] Mexico City, 3 Aug (NOTIMEX)—Today Gustavo Petricioli, Mexican finance and public credit secretary, denied that Mexico has chosen to go the route of a moratorium as was reported today by a Mexico City newspaper.

Petricioli said in a press release that a unilateral moratorium would in no way resolve the problem of the foreign debt. Instead, he said, it would aggravate the situation and make it unmanageable, thus causing serious damage to the country.

During President Miguel de la Madrid's administration, Mexico has made important advances in restructuring the scope of the foreign debt. Payment timetables, costs, and conditions have been modified to Mexico's advantage, said the secretary. This task will continue through firm negotiations with Mexico's creditors, taking advantage of the international market conditions to obtain additional advantages, Petricioli said.

He said that the goal of the Mexican Government has been and will continue to be to decrease the size and servicing of the debt through concerted actions with banks, international financial organizations, and other creditor countries.

In conclusion, Petricioli said that in his speech to the fourth national meeting of banks, which will be inaugurated by President de la Madrid in Monterrey tomorrow and which will be attended by representatives from international financial organizations, will cover this topic in detail. No moratorium will be declared as was reported in a newspaper this morning, he said.

Briefs

New Urban Development Secretary

President Miguel de la Madrid has appointed Gabino Fraga Mouret as the new secretary of the Urban Development and Ecology Secretariat (SEDUE). He replaces Manuel Camacho Solis, who resigned to become the PRI National Executive Committee secretary general. The new SEDUE secretary had been deputy housing secretary and has worked for the Mexican Social Security Institute, Pemex, and the secretariats of government, and programming and budget. [Summary] [*PA0408161588 Mexico City XEW Television Network in Spanish 1300 GMT 4 Aug 88*]

Belize

Changes in Permanent Secretaries Announced

FL0508015188 Belize City Domestic Service in English 0100 GMT 5 Aug 88

[Text] The Office of the Prime Minister has announced changes of permanent secretaries within government ministries. The announcement today says the prime minister has decided to make the changes of permanent secretaries in keeping with government's policy of ensuring proper forward planning for the development of career (?public) officers and a greater efficiency of the public service.

The changes of permanent secretaries will take effect Monday, August 8, 1988.

Mrs Eleanor Hall, permanent secretary, Ministry of Natural Resources, will be posted to the Ministry of Social Services and Labor.

Mr David Gibson, permanent secretary in the Ministry of Works and Housing will be posted to the Ministry of Natural Resources.

Mr Hallet Moody, permanent secretary, Ministry of Home Affairs, will be posted to the Ministry of Works and Housing.

Mr William Tillet, permanent secretary in the Ministry of Defense, will be posted to the Ministry of Home Affairs.

Mr Edmond Dunega, finance officer in the Ministry of Defense, will be appointed to act as permanent secretary, Ministry of Defense.

In addition to these new postings, recommendation is being made for the termination of the second [words indistinct] of Mr David Coot, administrative officer and presently coordinator of the Interministerial Council and his [words indistinct] to the National Sports Council as director.

Recommendation is also being made for the second of Mr Eric Fairweather, permanent secretary, Ministry of Labor and Social Services to the Interministerial Council as coordinator.

Guatemala

'Military Conspiracy' Thwarted; 3 Arrested

Cerezo Cancels Trip

PA0408190888 Guatemala City Radio Nuevo Mundo Network in Spanish 1800 GMT 4 Aug 88

[Text] This is a last-minute report. The government has thwarted another plot against the president. Three officers are under arrest at the Guatemalan Army headquarters.

Unofficial sources reported this morning that on 31 July, the Guatemalan Government thwarted another military conspiracy and three Army officers had been arrested.

It was also said the three officers—who, it is said, have firm links with some of the country's traditional political sectors—tried to get help from the chief of the presidential military staff, who ordered their arrest as soon as he realized their intentions.

According to the sources, Guatemalan President Vinicio Cerezo decided not to go to Ecuador next week in view of the new coup attempt that was prepared by low-level Army officers. He decided to stay in the country to keep the situation under control.

Right-wing Party Said Involved

PA0408201788 Panama City ACAN in Spanish 1945 GMT 4 Aug 88

[Text] Guatemala City, 4 Aug (ACAN)—General Roberto Mata Galvez, commander of the Guatemalan Army, supported by loyal forces, has frustrated an attempted coup by four military men, the Telepress newscast of Channel 11 reported today.

According to the newscast, two second lieutenants, one lieutenant, and one captain tried to seize Mata Galvez over the weekend, but they were unsuccessful and were arrested in the headquarters, located 1 km from the government palace.

Telepress said that the rebellious military men were obeying the instructions of an extreme right-wing party—which it did not identify—"to create divisions within the Army" and to destabilize the government.

Government Denies Reports

PA0408220188 Panama City ACAN in Spanish 2029 GMT 4 Aug 88

[Excerpt] Guatemala City, 4 Aug (ACAN-EFE)—Today the Guatemalan Government said that the report on an attempted military coup d'etat, released by a local television station at noon today, is "absolutely false."

However, Claudia Arenas, spokesperson for President Vinicio Cerezo's government, told ACAN-EFE that three civilians were arrested over the weekend as they were "trying to knock on the doors of the headquarters."

"We kept this information from becoming widely known because we did not want to give this insignificant incident any importance; however, the information was leaked to the press anyway, and this resulted in disinformation," Arenas stressed.

President Vinicio Cerezo's spokesperson added that "it is not true that this incident is the reason why President Cerezo will not attend Ecuadoran President Elect Rodrigo Borja's swearing in ceremony."

Other official sources close to the Presidency approached by ACAN-EFE said that the three civilians who tried to incite Army officers "have been arrested and are awaiting arraignment."

According to the same sources, who wish to remain anonymous, the incident was promoted by the ultrarightist National Liberation Movement (MLN).

The Armed Forces Press Office has neither confirmed nor denied the versions released by the government and the local television station. [passage omitted]

Civilian Detainees Named

PA0508041288 Paris AFP in Spanish 0309 GMT 5 Aug 88

[Text] Guatemala City, 4 Aug (AFP)—Tonight the Guatemalan Government confirmed that rightist groups attempted a coup on Sunday, which was thwarted by Army intelligence.

The attempt was acknowledged by the Presidency's press office, which said that three National Liberation Movement (MLN) members had been detained for their roles in the coup attempt.

The Presidency's statement, however, minimizes the scope of the plot to destabilize the government and fails to mention that several Army officers had been detained, as has been reported in the press.

According to the government source, the MLN members—the movement is led by Mario Sandoval Alarcon, whom several sources link to death squads—made "unseemly [indecorosas] proposals" to Army officers, inciting them to overthrow President Vinicio Cerezo.

The three civilians were identified as Guillermo Florian Corado, Alejandro Guzman, and Jose Recinos, "well known in the eastern Jutiapa Department," one of MLN's main bastions.

A government communique stated that "the Army is united in the defense of the democratic process" and that the destabilizing actions only "benefit the guerrillas" and the enemies of democracy.

The communique added that there are "small groups that want to destabilize the government," but that the Armed Forces "are on the alert" to strengthen democracy in Guatemala.

Meanwhile, MLN leaders have not yet made any statement regarding the government's reports.

Economist on Dollar, Quetzale Bonds, U.S. Aid

PA0408171588 Guatemala City Teleonce Television in Spanish 1230 GMT 3 Aug 88

[Passages within quotation marks recorded]

[Excerpts] A series of meetings has been held at the request of the congressional Finance Committee on the eve of the congressional debate on the bond proposal of the Monetary Board. Economists Jose Molina Calderon, Manuel Ayaus, and Fernando Paiz were heard on Tuesday by the deputies, 1 day after a similar session with Bank of Guatemala experts. The possibility of modifying the bonds' interest rates and other issues were discussed at this last meeting. Different terms for the bonds were proposed, depending on whether they were issued in dollars or quetzales, since the monetary authorities want to establish a series of incentives for the latter.

In addition, the meetings with Bank of Guatemala experts sponsored by the congressional Finance Committee revealed that Guatemala lost $87 million in foreign currency this year. One of the meeting participants, Jose Molina Calderon, pointed out that the Bank of Guatemala rejected the option of a meeting with creditors to discuss the bonds problem.

[Molina] "As everyone knows, the bonds were originally sold to foreign creditors, but many of the creditors sold them to third parties. It is not known, therefore, who the bond holders are. The Bank of Guatemala did not call for a bond holders meeting to explain the situation to them and to negotiate with them. The Bank of Guatemala made a unilateral offer to the bond holders, that is, take it or leave it. The only alternative to those who did not take it is to take their case to court. As we explained today to the Finance Committee, if the bond holders won the case, [words indistinct] they would receive one quetzal for one dollar, that is, less than 40 cents for every dollar they invested."

Molina Calderon referred to the possibility of a modification in the interest rate of the bonds.

[Molina] "The only amendment that appears likely—subject to consultation with the Finance Committee—will be in varying the interest rate paid on the dollar bonds. The proposal is to pay 10 percent, whereas the old bonds that came due on Thursday were paying 11.625 percent. These are stabilization bonds issued by the Bank of Guatemala. It is also known that in this operation the Bank of Guatemala issued bonds in dollars and bonds in quetzales. The dollar bonds could have the interest rate changed to a rate that would not be too onerous for the country but that would reassure and not disappoint bond holders. [Words indistinct] I say disappoint because the bank promised 5 years ago to redeem the bonds last Thursday and did not do so. Definitely now [words indistinct] extending the debt for an additional 10 years, and (?the bond holders did not expect this)." [passage omitted]

Molina linked the monetary stabilization bonds and the U.S. economic aid of $65 million granted last June.

[Molina] "In an indirect manner, they have much bearing on one another because the new agreement that the Bank of Guatemala reached with the IMF through a standby loan, that is, a contingency credit agreement, specifies that Guatemala will use the dollars if they are needed. The agreement stipulates that the Bank of Guatemala may use those dollars gradually. If Guatemala complies with the economic program, it receives the money." [passage omitted]

Honduras

Government Response to 'Shultz Plan' Scored

PA0408132788 San Pedro Sula TIEMPO in Spanish 3 Aug 88 p 6

[Editorial]

[Text] The situation that has followed the meeting of foreign ministers from Honduras, El Salvador, Guatemala, and Costa Rica with U.S. Secretary of State George Shultz gives the impression there is a vacuum with no alternative to Esquipulas II and no room for a Shultz plan.

Prior to the meeting between the foreign ministers of the so-called "democratic countries" of the region with the U.S. secretary of state, a U.S. roving ambassador, Morris Busby, apparently failed in his task of paving the way for a made-in-the-White House "joint communique" that in essense represented an ultimatum to Nicaragua.

The Guatemalan newspaper LA HORA published every single detail of what happened in the capital of Guatemala in connection with the initiative of Mr Busby, who according to the newspaper found strong opposition from President Vinicio Cerezo and his defense minister based on their government's active neutrality policy.

According to reports, a similar situation involved President Arias of Costa Rica, especially because the creation of a group that would exclude Nicaragua with the pretext of pacifying Central America would negate the Arias plan, which earned a Nobel Prize for the Costa Rican chief of state.

In that sardines-with-shark sort of meeting, the Azcona Hoyo administration, as usual, exhibited its abjection. It did so through Foreign Secretary Lopez Contreras. The administration presented itself as a beachhead for the Shultz plan, which Guatemala and Costa Rica rejected with Central American honor and good political sense, making evident the elemental dignity that must enhance any state.

The result of the meeting has demonstrated that at important times it is the just positions that win. The joint communique makes this evident. Nothing resembling an ultimatum appears in that communique, which is a general declaration on the requirements that must be met for a regime to be considered democratic. It also states the wish that this democracy becomes a reality throughout Central America.

Such a statement does not represent a specific accusation against any particular country because it fits all the Central American countries and because this talk about the area's "democratic countries" at this stage of the game is nothing but a bad joke, except, possibly, in the case of Costa Rica.

What, according to the joint communique, are the requirements of "an authentic democracy"? "Political pluralism, freedom of association, freedom of the press, an impartial judicial system that guarantees legal proceedings, apolitical armed forces in the countries where they exist, an honest and open electoral system, and respect for human rights and individual liberties."

Are these points being met by Honduras and El Salvador, for example? Definitely not. Perhaps, in the case of Honduras, some points having to do with freedom of expression and the electoral system are, in a relative way, being met, but that is all.

The final document represents, if not a failure by Mr Shultz, at least evidence that Central America has already developed a more responsible attitude in favor of negotiated solutions and a Central American solidarity that must win when dealing with common problems.

Looking at all this from another point of view, from the point of view of how this relates to the United States, and trying to establish the interest the Reagan administration may have in these meetings of Mr Shultz, the first assumption we Central Americans must make is that the Reagan administration's interest concerns the U.S. elections and the need to make room for Vice President Bush in his campaign against the Democrats.

Looking at it from this point of view, the Central American arena is not essential for the Central Americans, but it is for those from the United States who are playing the game of keeping this region off balance so the next administration can resolve the situation while giving the impression that U.S. policy has been a political success. The truth is to be kept behind the curtains.

Bu Giron Briefs Congress on Country's Finances

PA0408204988 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 4 Aug 88

[Report by Guillermo Castellanos Enamorado]

[Excerpts] Last night Finance and Public Credit Minister Efrain Bu Giron appeared before the National Congress and answered congressmen's questions on the nation's finances, without the help of his advisers, who were denied all participation. Many deputies were indifferent while just a few were attentive. Minister Efrain Bu Giron

was very hopeful when he announced that the international credit organizations are expected to make their initial payments by 15 August. He also said that the available information shows that the economy is slow because of the foreign economy, exports, and imports, which are all, in turn, complicated by a lack of currency.

To overcome this situation, he says, measures have been discussed with the international credit organizations, and programs for economic stabilization and adjustment in the financial and public sectors have been prepared. [passage omitted]

He announced the fiscal deficit will decrease from 75 million lempiras to 70 million lempiras in 1988, and will decrease an additional 6 million lempiras in 1989. To achieve this, he said, the government and the international credit organizations had agreed to increase tax revenues and reduce public expenditures. The government has presented draft decrees to the National Congress on certain measures to be carried out, on the elimination of the tax exemptions that had been approved through special laws, and on increasing selective consumers' taxes.

Bu Giron emphasized these measures seek to reactivate the productive sector and introduce the principle of equal taxes so all sectors will contribute to the country's development. [passage omitted]

It was announced that the Gonzalo Carias, president of the Central Bank of Honduras, will appear before today's session.

Legislators To Pay 8-Day Visit to USSR

PA0408204488 Tegucigalpa EL HERALDO in Spanish 4 Aug 88 p 3

[Text] A delegation of Honduran deputies will travel to the Soviet Union at the end of this month, by invitation of the Soviet Government.

The delegation comprises the following deputies: Orlando Gomez Cisneros, Jose Maria Gutierrez, Armando Rosales Peralta, Alonso Gonzalez, Napoleon Alcantara, Roberto Ramon Castillo, Carlos Salgado Chavez, Andres Torres, Rigoberto Lopez, and Soad de Feusse.

Presidential designate Jaime Rosenthal, Honduran Ambassador to Costa Rica Edgardo Sevilla Idiaquez, and EL HERALDO reporter Eduardo Maldonado will accompany the deputies.

This is the first time a group of Honduran deputies will officially visit the Soviet Union and its leaders.

Ambassador Sevilla Idiaquez has made all the official arrangements for the delegation.

The group will begin its 8-day trip on 26 August. Their agenda includes a visit to the Kremlin, where they will be received by Soviet leader Mikhail Gorbachev.

Deputy on Salvadoran Air Force Bombings

PA0508000188 Tegucigalpa Voz de Honduras Network in Spanish 1813 GMT 3 Aug 88

[Report on interview with Ocotepeque Deputy Huberto Pinto by unidentified reporter on 3 August—place not given]

[Excerpts] This morning we spoke with Ocotepeque Deputy Huberto Pinto, who visited the Ocotepeque region over the weekend. Pinto said it is obvious that the Salvadoran Air Force is continuously bombing some border areas that are in some way or another in dispute. The problem is that there are many guerrillas in the Honduran-Salvadoran border area. Therefore, the Salvadoran Air Force is indiscriminately bombing the area.

Recently, two Honduran villages located some 2 km from the border were bombed; moreover, one of the houses was almost completely destroyed as a result of this bombing. This, we repeat, is a result of the Salvadoran Army's pursuit of guerrillas in Honduran territory. There is a military outpost in the area known as Santa Lucia, Ocotepeque. However, the military can do nothing to protect Honduran citizens because, as is well known, the attacks have been perpetrated by the Salvadoran Air Force and not by Salvadoran infantry brigades. [passage omitted]

[Begin recording] [Huberto Pinto] I visited Ocotepeque last Friday, and Joconal residents were very concerned because a bomb had hit the house of a Honduran citizen. Approximately 700 villagers relocated to Plan del Rancho. [passage omitted]

[Reporter] Have there been any casualties? Is this happening constantly?

[Pinto] I am not aware of any casualties. There is much concern; people cannot live in the area and cannot take care of their crops. [passage omitted]

[Reporter] What actions have military authorities taken?

[Pinto] I understand that military authorities—the Santa Lucia command which is some 8 km away—immediately began all necessary actions to preserve national sovereignty.

[Reporter] Would it be possible to confirm that the Salvadoran Air Force is responsible for these bombings and that there are guerrillas in this area?

[Pinto] A guerrilla presence is evident because guerrillas are constantly clashing with Salvadoran military troops. This is a mountainous region. I can only tell you that the guerrillas have hideouts here in the San Fernando and Las Pilas areas. The guerrillas continuously traverse these areas, which are

supposedly Honduran. However, we have never claimed property rights in these areas. As I have said, guerrillas freely travel through these areas. I had a political meeting about 2 months ago. [sentence as heard] The guerrillas can in fact be seen in the area, probably because no military or police protection is available.

[Reporter] Is the village of El Volcan, which was bombed on Sunday, in the border area?

[Pinto] Joconal and El Volcan are neighboring villages; when one speaks of Joconal, one is also speaking of El Volcan. [end recording]

Nicaragua

Ortega: Contras Aid Will Kill Peace Chances

PA0508003388 Managua Domestic Service in Spanish 2153 GMT 4 Aug 88

[Speech by President Daniel Ortega at a "Face the People" meeting at the Patricio Arguello Ryan power plant in Leon Department—live]

[Excerpt] [Passage omitted] It is good to make something very clear. Both Nicaragua's enemies and those who call themselves friends of Nicaragua—those who say they are concerned about peace in Nicaragua and are trying to mediate, as they say—must clearly understand the situation. First of all, they must not ask the Nicaraguan Government to ignore the country's laws and Constitution.

We would not even dream of asking a friendly country in Latin America, Europe, or any other part of the world to violate its own laws. So, we want to tell friends who are sending us messages from the United States and from some places in Europe and Latin America—because they are concerned about the fact that a group of individuals who violated our country's laws are in prison, where they were formally sent by a judge—that here we have laws. We want to tell this to our friends and to our enemies, who are manipulating this incident. They act as if it is absurd for Nicaragua to follow its own laws or as if Nicaragua were the only country in the world that is not entitled to follow its own laws. Every other country has that right, but not Nicaragua.

We are telling them that there are laws here, that these laws must be respected, and that here we carry out justice in a just manner. The judges carry out justice. If a judge determines that a criminal must receive a given sentence, then the criminal will have to face that sentence. If a judge happens to determine that a person must be released, that person will be released. This will be determined by judges and will not be the result of pressure from people abroad who completely ignore our country's laws.

Those who claim to be concerned about democracy, human rights, and peace in Nicaragua, those who claim to be Nicaragua's friends—its crucial friends—should aggressively and strongly demand—as they have said to Nicaragua—that the U.S. Government respect international law.

The International Court of Justice [ICJ] has issued a ruling, and we will keep saying this over and over: The ICJ has ruled that the United States is a criminal, has been acting like a criminal, and must stop acting like a criminal. This has been stated by the ICJ. The United States has chosen not to accept the ICJ ruling.

We also want to tell our friends—those who call themselves friends of Nicaragua and democracy, those who are concerned about democracy and human rights in Nicaragua—that their concern about those criminals who are in good health in prison should be turned into a condemnation of those who commit crimes against our people every day. Women, children, and young people are being murdered daily.

Recently a boat traveling near Rama was attacked as a result of Reagan's policy. The boat's passengers were not only Nicaraguans. There were also U.S. church people, Italians, and Costa Ricans on that boat. They were fired on.

Two people were killed and several wounded, including a U.S. citizen, an Italian woman, and a large number of Nicaraguans. There are some who are seriously wounded and may even die. So, who condemns these crimes? They want to call a crime the fact that we uphold the laws and send to jail those who violate them. They do not call actions like this crimes, however. Anyone who committed a crime like this in the United States would be sentenced. The U.S. Government, however, feels it has the right to come here and commit these crimes against the Nicaraguan people and even against U.S. citizens. This is not the first case. They have already murdered the first U.S. citizen in northern Nicaragua and have now wounded a U.S. citizen with gunfire in southern Nicaragua. They even crushed the legs of another U.S. citizen in the United States and keep jailing U.S. citizens who demand that the United States not sponsor a war in Nicaragua. Protests by U.S. citizens are seen as a crime and are suppressed.

There is another thing they must keep clearly in mind. I think it is the most important point. The enemies and the friends... [changes thought] all those who claim to be friends of democracy and human rights, negotiated solutions, and the rest, as well as all those who claim to respect international laws, must keep clearly in mind that they will not change Nicaragua's policy through foul means. They will not make us budge by fair means either, because every country is sovereign and can do as it pleases, as long as it does not affect any other country or state.

We are prepared to reach an understanding with the United States and to seek a negotiated solution to the conflict provoked by the United States in Nicaragua.

President Reagan, U.S. congressmen, and some U.S. media that have been around since the last century must understand that the use of force will not contribute to stability in Nicaragua. Also, if the U.S. Congress decides to approve more aid to continue the war on Nicaragua, then the Nicaraguan people will reserve the right to take every measure they consider necessary to defend the revolution. [applause]

The U.S. Government leaders and the Yankee Congress—Reagan and the Yankee Congress—must clearly realize that they will not bring us any closer to the negotiating table with the use of force, more aid to the contras, or threats. Instead, they will drive us away from the negotiating table and lead us to total military confrontation with their mercenary forces. They will also force us to take all necessary domestic measures to not give even the slightest chance to our enemies in any new situation, if the Yankee Congress indeed approves this kind of policy against Nicaragua. The Yankees will be left without oxygen here in Nicaragua. Let them not think that we are going to be so naive—after they announce an offensive—as to give them any breathing room in Nicaragua. They will be left without any breathing room here, and we will also hit them hard on the battlefield. [applause]

The responsibility for the future of peace in Central America and in Nicaragua does not depend on us Nicaraguans, who have stood ready to defend the Esquipulas agreements and who continue defending the Sapoa agreements. It will depend on the Yankee government. The very minute the Yankee government and the Yankee Congress approve more funds to continue the war and the killing of the Nicaraguan people, they will kill the peace opportunities offered by the Esquipulas and Sapoa agreements. They will shatter the negotiating table and turn Nicaragua and Central America into a war zone or a military operations theater. I repeat: Under these conditions, we will not be so naive as to leave any breathing room here to our enemies who plot and help those attacking us militarily.

We hope that some common sense will prevail in the Yankee Congress and that U.S. congressmen will not let themselves be dragged along by the Yankee President, who is mentally unsound. He actually believes that before completing his term in office he will be able to finish off the Nicaraguan revolution. He will leave office in 1989, and the Sandinist people's revolution will remain in Nicaragua and will continue to be the authentic expression of the workers' and peasants' power. Although Reagan and the opposition may not want this, this is the way it will be. [applause]

It would be useless for Reagan to approve more aid for the contras. This is not going to finish off the Nicaraguan revolution; quite the contrary. This will only cause the Nicaraguan people more suffering and grief; this will only mean more sacrifice for the Nicaraguan people. However, the Nicaraguan people know this, just as they know who is to blame for the war in our country, who is to blame for the continuation of this war in our country. The Nicaraguan people also know who has truly fought for peace in this country. We have fought for peace, and we will continue to fight for peace. However, we will not tolerate the Yankee government's military actions against Nicaragua. We will not tolerate this, and we will act accordingly.

They have said that with the use of force the Sandinists will soften up and negotiate. Well, this just will not work. This would probably work with men like [former Dominican President Rafael Leonidas] Trujillo and other dictators who, like Somoza, were put in power by the Yankees in the Dominican Republic and other countries in the world, or with weak governments that run when the Yankee government screams at them. However, it will not work with us. We will not yield to Yankee pressures. Those Yankee pressures will not hinder our negotiations, nor will they make the Sandinists more flexible. Those Yankee pressures will only strengthen the Sandinist position and help us reject the Yankee pressures.

The U.S. congressmen and media that allow themselves to be misled by the U.S. President must clearly understand this. The U.S. President's position is illogical; it is absurd. The U.S. President's position is irresponsible and unsuitable for a leader of a powerful country such as the United States. Reagan's position only serves to prove that imperialist interests continue to prevail in the United States and that he is acting like a terrorist, like a criminal, against the Nicaraguan people.

Comrade workers, permanent INE [Nicaraguan Institute of Energy] workers and temporary construction workers, you have our recognition for the effort you make every day to defend this trench of our revolution. Free Fatherland! [crowd shouts: "Or death!"]

Government Revokes 'The Awakening' Closure

PA0508050888 Managua Radio Corporacion in Spanish 0420 GMT 5 Aug 88

[Text] The Nicaraguan Interior Ministry has revoked its decision to close down "The Awakening" [Radio Noticias' "El Despertar"] newscast. A few days ago Freddy Rostran Arauz was advised that the newscast would be closed indefinitely. Rostran appealed the ruling. This afternoon the Interior Ministry's Communications Media General Directorate informed Rostran that the ruling had been revoked. According to Rostran, the newscast will be heard again on Saturday, since it will be very difficult to go on the air tomorrow. Rostran hereby advises his correspondents and announcers to come to work at 0530 on Saturday.

Opposition Parties Reject Electoral Bill

PA0408125988 Managua Radio Mundial in Spanish 1900 GMT 2 Aug 88

[Statement by Socialist Party Deputy Luis Sanchez Sancho during a news conference held by opposition parties at the International Press Club in Managua on 2 August—recorded]

[Text] Today, deputies from four political parties represented at the National Assembly—the Independent Liberal Party, the Popular Social Christian Party, the Nicaraguan Socialist Party, and the Communist Party of Nicaragua—decided to withdraw from the Assembly sessions where the new electoral bill would be debated and approved to demonstrate our rejection of the bill which, in our opinion, is basically antidemocratic and antipluralist. In so doing, we also protest the unfairness of the National Assembly president's handling of the opposition representatives' participation.

As you know, the initiative for a new electoral law has constitutional significance. The bill was tainted from its inception because, according to the Constitution, it should have been presented by the electoral body through its president. However, this was not the case. The electoral body abdicated; it gave up the only bill it was constitutionally entitled to arbitrate for the sake of benefitting the country's president and government party leaders.

Immediately after this initiative was announced, the democratic opposition representatives asked the government to reconsider and to consult with competent institutions—law schools, political parties, bar associations, jurist associations—to resolve the uncertainty over the National Assembly's competence in its present state to debate and approve the bill.

This request by the opposition was immediately rejected, just as was another suit we presented calling for consultations with all the legally registered political parties that will certainly be affected by this new law. These parties have every right to express their opinions. This suit was presented to the commission that will pass judgment on the new electoral law, of which I was a member. After our early initiatives were rejected, I pointed out that, having examined the bill presented by the president, we would reject it because we considered it a violation of the Constitution which, in Articles 5 and 55, guarantees the exercise of political pluralism and the participation of all political parties.

This bill contains clauses that discriminate and exclude the majority of Nicaraguan political parties, with the obvious intention of reaffirming a bipartisan political system with authoritarian party control in Nicaragua. We presented or tried to present a minority opinion, to which we were entitled by law. In accordance with Articles 44 of the National Assembly general regulations and 32 of the National Assembly's internal regulations, the opposition or minority in a commission has the right to present its own opinion. In other words, it must explain the reasons for its rejection of the majority opinion and state how the minority feels an issue should be debated and approved.

We presented this minority opinion within the time established by law, a minimum of 72 hours prior to the session to debate the bill in question; we presented it on Saturday, 23 July, to Isidro Tellez Toruno, acting secretary of the National Assembly at that time, who established that it had been duly presented in accordance with the law. The 72-hour deadline only expired on Monday, 25 July, at 1000, but, despite this, our minority opinion was rejected—I repeat—unfairly. This protest over that unfair rejection was debated on Thursday at the committee level, which is generally a political discussion.

The totally arbitrary, antidemocratic procedures that had been followed were discussed, pointing out how each and every one of our proposals and demands had been rejected by the judging commission. We presented these demands in a consistent manner with the support of four parties, the four that withdrew from the debates today. The government majority simply decided we should present all those proposals, amendments, and observations at the plenum.

On Thursday, however, again ignoring our observations and suggestions, the bill was generally approved, which means its regulations, its substantive aspects—which in our opinion should be definitely and categorically rejected—were approved. These substantive regulations include clauses that hinder the formation of political parties in Nicaragua by establishing that the signatures of 10 percent of the citizens registered in the 1984 electoral catalogues, duly authenticated by a notary, must be presented. This means approximately 154,000 people must support a party's registration. It also states if 75 percent of those 154,000 people are not present for the registration request, the requestors must pay exhorbitant fines established by the appropriate authorities.

Another generally approved substantive regulation is the new principle of vote counting or the distribution of seats at the state collegiate bodies: the National Assembly, Municipal Council, and regional councils. This new principle is quite different from the principles and rules of the former law that governed the 1984 elections, inspired by the so-called proportional representation system. In other words, if a party had enough votes to fill the national electoral quotient, it obviously had the right to a deputy in accordance with the universal voting principle of one citizen, one vote; one electoral quotient, one representative for each party. The new bill establishes what is technically described as the principle of threshold of representation or electoral threshold, which in this case establishes a minimum of 5 percent at each of the nine regional electoral subdivisions, a minimum of 5 percent to have a deputy at the National Assembly. For

municipal elections, the principle of proportional representation is observed only in Managua and some departmental capitals. The absolute majority of the municipalities will have only two parties in accordance with the principle of majority representation and not proportional representation.

In addition to this, the bill under debate for approval ensures the government party's absolute, monopolistic control through its chief, the nation's president, in the formation of all the electoral organizations, all the bodies to be in charge of organizing, administrating, overseeing, and above all counting the votes once the elections are over. There will be no opportunity for the opposition to supervise except as observers at the vote receiving boards. Only the government party will have control over institutional organizations such as the Supreme Electoral Council [CSE] and the regional electoral councils. For instance, the CSE will comprise five magistrates; according to this bill, three of them will have decisionmaking powers according to the quorum and voting system established by law.

Having considered all of these points, we believe the government party is behaving illogically, even regarding the principles of the Esquipulas agreements, which state that it is essential that electoral processes be democratized so conditions favorable to the restoration of peace in Central America, especially Nicaragua, can be achieved. On the contrary, there is an effort to approve this law by imposition, which tends to exclude the participation of important parties in this country. As a distinguished representative from the Sandinist faction said this morning at the Assembly debates, if the opposition wants to snatch power from the FSLN, it must use the armed violence the Sandinists used to attain power. These basic reasons have led to this morning's presentation of a reasoned vote that represents the four political parties in question and supports their political decision.

In accordance with Article 70 of the National Assembly's internal regulations, we request our vote against Article 1 of the electoral law bill go on record, as well as our decision to abstain from participating in the discussion and approval of all the subsequent articles of the bill in question for the following reasons:

1. We voted against the majority decision regarding the general electoral bill because its substantive aspects go against the free organization and formation of political parties, affect the free exercise of political pluralism, tend to suppress the political minorities' right to be represented in state deliberative bodies, and exclude the possibility of trustworthy and honest elections by imposing the ruling party's total control on electoral organizations. This places the entire state apparatus at the ruling party's service.

2. In keeping with our general rejection of the bill, we cannot participate in its discussion and approval. Participation in the debate would make us partially responsible for legislation we categorically reject because of its violation of constitutional principles, its antidemocratic and antipluralist nature, and its violation of the Esquipulas II agreement for democratization and peace, which the Nicaraguan president and his Central American counterparts have signed.

Managua, Nicaragua, 2 August 1988

TANA Rejects Reagan's Charges Against Borge

PA0408143088 Managua Domestic Service in Spanish 0300 GMT 4 Aug 88

[Excerpt] The Anti-Imperialist Tribunal of Our America [TANA] rejects a flimsy accusation against Nicaraguan Interior Minister Tomas Borge Martinez. Yesterday TANA's international leadership issued a strongly-worded statement rejecting the flimsy and vile accusations levied by U.S. President Ronald Reagan against Tomas Borge Martinez, commander of the revolution and head of the Interior Ministry. Nicaraguan reporter Freddy Balzan made the announcement today.

The statement noted that the accusation is immoral and shameful because U.S. President Reagan knows full well that the general headquarters of the drug system [narcocracia] operates in Washington and participates in the U.S. criminal economy, handling $750 billion each year. Yet, Reagan dares to levy such a flimsy and vile accusation against a revolutionary leader such as Tomas Borge Martinez. [passage omitted]

Panama

PDF Confirms Arrest, Release of U.S. Soldiers

PA0408191988 Panama City ACAN in Spanish 1605 GMT 4 Aug 88

[Excerpts] Panama City, 4 Aug (ACAN-EFE)—Today A U.S. military spokesman reported to ACAN-EFE that the Panamanian Army has turned over to the U.S. Southern Command, headquartered on the banks of the canal, two [number as received] U.S. soldiers who were arrested yesterday while on "official business" in the Colon Free Zone. [passage omitted]

A spokesman for the Panama Defense Forces [PDF] also confirmed to ACAN-EFE the arrest and release of the two soldiers without providing further details. [passage omitted]

Nicaragua's Ortega To Visit 9-10 Aug

PA0408181988 Hamburg DPA in Spanish 1553 GMT 4 Aug 88

[Text] Panama City, 4 Aug (DPA)—Nicaraguan President Daniel Ortega will visit Panama from 9 to 10 August during a 22-hour stopover on the way to Ecuador, where he will attend Rodrigo Borja's presidential inauguration.

A spokesman for the Panamanian Presidency said that while in Panama Ortega will meet President Manuel Solis Palma, with whom he will discuss bilateral relations and the topic of peace in Central America.

The Nicaraguan president will reportedly take advantage of his visit to attend the opening of the "Second Amphictyonic Congress of Panama" to be held at this city's Atlapa Convention Center 8-11 August.

On 10 August, Ortega will hold a news conference during which he will refer to the reestablishment of diplomatic relations between his country and Ecuador. Diplomatic relations were suspended during the term of departing Ecuadoran President Leon Febres-Cordero.

Christian Democratic Party Official Arrested

PA0508040088 Panama City Telemetro Television in Spanish 2300 GMT 4 Aug 88

[Statement by Christian Democratic Party President Ricardo Arias Calderon in Panama City "this afternoon"—recorded]

[Text] Dr Cecilia Alegre, member of the Christian Democratic Party Political Committee, was arrested at around 1430 today. Her automobile was intercepted by paramilitary units who, according to eyewitnesses, forced her at gunpoint to enter another vehicle. We do not know where Dr Alegre is now.

Acts such as this are incredible, but they were repeatedly carried out today against young men and women. This is happening while the government is saying demonstrations can be held as long as traffic is not blocked. No one was blocking traffic. This has taken place while the government is claiming it wants to carry out honest elections. It is clear that what it is doing is persecuting the opposition's political leaders. And it is happening, absurdly, while the government claims it wants to talk with the opposition to find a solution to the very grave crisis our country is going through.

In view of what has happened, I have to say that these actions are telling us the government continues to lie to the people. It is lying in so many ways that it is no longer bearable.

Journalist Londono Released on Bail 4 Aug

PA0408202788 Hamburg DPA in Spanish 1940 GMT 4 Aug 88

[Text] Panama City, 4 Aug (DPA)—Homero Londono, correspondent for the Costa Rican station Radio Impacto, who also worked for the VOA, was released 24 hours after people close to him paid an 8,000-balboa bail imposed by Panama courts.

Londono was under arrest for 14 days in Modelo Penitentiary in Panama City, charged by the Attorney General's Office of broadcasting information that harms the internal security of the state and the national economy.

Attorney General Carlos Villalaz said that the journalist was arrested on charges of disinformation and for broadcasting reports not in line with the political and economic situation of the country.

The Panamanian correspondent, who in his sworn testimony accepted the charges against him, will have to await the outcome of the judicial process, which will determine in the end whether he is innocent or guilty of the charges against him.

U.S. Campaign To Annul Canal Treaties Reported

PA0508020288 Panama City Domestic Service in Spanish 1645 GMT 4 Aug 88

[Text] Although the Reagan administration has publicly denied that it has violated the Torrijos-Carter treaties and says that it will honor its commitments, an offensive aimed at annulling those treaties has been launched in Washington.

Under the name Center for Strategic and International Studies and Citizens Demanding Suspension [Ciudadanos que Demandan la Suspension], a well-financed campaign has been organized in Washington. The purpose of this campaign is to convince the Reagan administration to abrogate the Panama Canal Treaties.

The campaign is being conducted in the form of letters that distort the situation in Panama and that try to convey the impression that the Panama Canal could be the target of attacks. The campaign is aimed at justifying noncompliance with the treaties and at perpetuating the presence of U.S. troops in Panama beyond the year 2000.

A letter to President Reagan says: As president, you have the authority to annul the Panama Canal Treaties, which call for the withdrawal of U.S. troops from the canal area. In the same document, Reagan is asked to take immediate action.

The purpose of the campaign is to distribute pamphlets printed on U.S. Government stationary prepared by the so-called Center for a Free Society [Centro Para una Sociedad Libre]. Supposedly, the president of this society is Admiral Thomas H. Muller, whose address is Washington D.C. 20069-2048.

Although Reagan administration spokesmen have often denied that the United States has violated the Torrijos-Carter Treaties, Panamanian authorities have repeatedly protested U.S. noncompliance with its commitments.

The new offensive unleashed in Washington against Panama through this campaign—about which PANAPRESS has obtained specific information through photocopies of documents used for this purpose—confirms that behind the conflict between the two countries are U.S. intentions to systematically violate the treaties and to refuse to remove its bases from Panamanian territory in the year 2000, as established in those agreements.

Church, Opposition, Private Sector on Dialogue

[Editorial report] PA0408161088 Panama City Telemetro Television in Spanish at 2300 GMT on 3 August broadcasts 3 minutes of recorded statements by Panamanian Archbishop Msgr Marcos G. McGrath; Eduardo de Bello, former president of the Panamanian Chamber of Construction; and Carlos Ivan Zuniga, leader of the opposition Peoples Action Party [PAPO], on the possibility of a dialogue between the government and the opposition. No date or place is given for the remarks.

Msgr McGrath says the government has the power to create positive conditions to hold a dialogue.

De Bello says he believes the country is divided and "the current situation is a reflection of that division. The sole solution to the problems is a dialogue and an agreement between the conflicting parties."

The announcer says the opposition believes there are no conditions for a dialogue because some media are closed and Panamanians' basic rights are not respected.

Referring to those statements, PAPO leader Zuniga says: "There is no solid basis for us to say a dialogue is about to start." He adds: "The truth is that the opposition political parties and the Civic Crusade rejected those ramblings about a dialogue. The country needs an open dialogue, one in which all people can participate—not a clandestine one. No one knows what topics are discussed in those talks."

Zuniga adds that "Panama needs a dialogue that will reorganize the country. Ours is not a formal crisis; therefore, it does not need formal solutions. This is a deep, structural crisis that demands deep, structural solutions."

Commentary Examines Shultz' L.A. Tour

PA0408150188 Panama City Televisora Nacional in Spanish 2300 GMT 3 Aug 88

["Today in the World" commentary by Luis Manuel Martinez]

[Excerpts] [Passage omitted] George Shultz will take an empty suitcase back to Washington. The agreements he had brought to be signed by the Central American presidents were not signed. In Argentina, he did not succeed in making President Raul Alfonsin and Foreign Minister Dante Caputo adopt any substantial modifications regarding the policy on Central America and Panama.

Some analysts are saying this is Shultz' farewell to Latin America. He will hand over his post to a new secretary of state on 20 January. The truth is a single one: Latin America is aware it cannot continue obeying Washington. It has endured 200 years of obeying orders, of submitting to pressures, of trying to overcome the crises caused by U.S. arrogance without achieving anything more than stagnation. In the past 8 years, the most poisonous and abrupt economic pressures have been imposed to try to collect the foreign debt interest—since the principal is not being paid. [passage omitted]

As for Panama's presence on the agenda during the meeting in Brazil, it is important to point out the discreet diplomacy of the Itamaraty Palace as expressed at SELA and the Group of Eight meetings, as well as at the OAS. Brazil will not change its attitude, and President Jose Sarney, who recently reestablished relations with Cuba, will not change his government's direction. Therefore, George Shultz' farewell to Latin America—a continent to which he gave little attention—shows a balance with a huge deficit. He could have saved himself the trip and would not have had to face so much rejection, so many negative responses, and so many hostile demonstrations.

Argentina

Economic Team Explains New Measures

PY0408183588 Buenos Aires Argentina Television Color in Spanish 0051 GMT 4 Aug 88

[News conference held by the economic team of Economy Minister Juan Vital Sourrouille, Finance Secretary Mario Brodersohn, Central Bank President Jose Luis Machinea, Coordination Secretary Adolfo Canitrot, and Secretaries Juan Ciminari, Juan Sommer, and (Carlos Bombachini) with reporters at the Economy Ministry in Buenos Aires—live]

[Excerpts] [Moderator] Silvia Maita of ATC [Argentina Televisora Color].

[Maita] Mr Minister, when you talked about the economic measures you said that the idea is to strengthen the purchasing power of salaries, and when you talked about salary negotiations between labor and management, you also said that the government will not interfere in those negotiations. But what will happen when the unions demand the salary readjustment for the next 2 months, will the July and August inflation rates be included or will salaries increase by 50 percent?

[Sourrouille] As you know, the government does not participate in the negotiations between labor and management during collective bargaining talks. I presume that two types of discussions occur during the bargaining. One would deal with past inflation, and the other with future inflation. I believe that no one can ignore the fact that a drastic reduction in inflation will considerably increase the purchasing power of salaries, and this will be one of the arguments that will probably govern the discussions. I have said that labor and management will continue to negotiate freely and that it will be the responsibility of each sector, on its ability to negotiate, and the economic conditions of the sector or company, to determine the possibility of reaching an agreement.

[Moderator] Escuciver Roberowitz.

[Roberowitz] I would like to know what the government reserves are.

[Sourrouille] That is confidential information.

[Roberowitz] This is a public administration. The country should know what reserves are available.

[Official] Look, I can answer that, it is very easy. It is much less than what the banks believe.

[Roberowitz] But how much do the banks believe it is?

[Official] I believe that you understand that the total reserves is information that no responsible public official will give you.

[Roberowitz] Thank you. [passage omitted]

[Moderator] Pizarro of Channel 11.

[Pizarro] Mr Minister, you said that one of the pillars of this plan is the reactivation of the economy. It should be recognized that salary readjustments have been below the inflation rate. Assuming the information that the recent 30-percent hike in prices is true, and adding the 25-percent inflation rate of July, we come to the simple conclusion that salaries are 55 percent short. Is that not a very difficult percentage to overcome?

[Sourrouille] I believe that anyone who ignores the fact that salaries must rise in a country where a high inflation rate prevails ignores reality. Salaries do increase, perhaps in some cases below the inflation rate, and in other cases above it. But I would like to insist on an essential argument. Salaries at the private and public level, which are under collective bargaining, are the result of negotiations and not of policies established by the government. Therefore, the bargaining in which labor and management reach an agreement reflects the interest of both parties. The government has not fixed salaries in the private sector for a long time. We have always believed that the resumption of labor management negotiations was a great step forward in the consolidation of democracy and for the improvement of economic relations in general, especially in labor-management relations.

Regarding price policies, I would like to reiterate some concepts. First, as of now we are operating under an agreement which instantly reduces the inflation rate taking place in the country. Second, it is possible that some actions taken over the past few days were not based on the right principles, or let us say were irresponsible. We hope that the business world will abide by the prices established. Some of the excesses which could have occurred will be corrected.

I also believe that we have enough experience in these types of operations. There is no doubt that reducing the inflation rate, which will do away with the indexation of practically all the nominal variables and commitments of the government, will allow the introduction of the prices established by the government and will give enough room for a broad process of price renegotiations. In the operations which are not paid in cash, the high inflation rate is allowed for the economic transactions, and as it has occurred in the past, we hope that the relations between parties in the private sector will ajust to a new reality.

To conclude with the first point you mentioned, I would like to say that, in addition to the comments made here regarding import policies, in particular of capital goods, and the effect of low inflation rates on reducing nominal interest rates, the improvement of the country's productive future as a result of keeping inflation under control is based on agreements reached by the government. We

have, therefore, decided that the offsetting of value added taxes on purchased capital goods and equipment, which is currently made over 3 years, will now be made over 1 year.

At the same time, we have decided that the purchase of new production equipment made during a year will be excluded from calculations for the payment of capital gains taxes and from mandatory savings in the subsequent year. These measures reinforce the idea that the government, beyond improving the climate for investments, is interested in improving, through new tax mechanisms, the financial situation of enterprises.

[Reporter] Mr Minister, you have basically referred to a 60-day agreement on prices. You have also said that before an agreement is sought with the business and labor sectors, two concrete results must be attained: the reduction of public expenditures, and a solution to the external debt problem. How are the foreign debt negotiations faring and what will happen after the 60-day agreement expires?

[Sourrouille] Excuse me, I did not understand the last part of your question.

[Reporter] What will happen after the 60-day agreement expires?

[Sourrouille] Well, in the first place, I want to tell you that I said we have reached an agreement on these anti-inflationary measures. These measures are being adopted on the assumption that they will be effective for at least a 180-day period. Certainly, in the first 60 days of their implementation, the agreed rules are very strict. But I beleive I have also mentioned that, as part of this agreement with the Industrial Union and other businessmen's organizations, we have created a control and follow-up committee. So, the rules have been established for the first 60 days of the agreement. Beginning in October, this control and follow-up committee will review the first 2 months of the implementation of this agreement in order to establish the basis on which it will continue in the following months. The basic idea is to have a general agreement framework for the participation of the parties to the agreement which will then be revised every month. However, given the characteristics of the present situation, we have decided that the first revision will be made early in October.

Pardon me, you also asked me about two other points: the requirements which we consider necessary for this type of agreement, and their relation to the foreign debt negotiations through a reduction of public expenditures, you said. In fact, the requirements we consider suitable refer to bringing the fiscal situation under control, that is, among others, to properly manage public resources; and, on the other hand, favorable negotiations of the foreign debt. I will ask the Central Bank president to inform you where we stand on the foreign debt negotiations.

[Machinea] Regarding the foreign debt, we have, in principle, an agreement that we expect to conclude in the next few days with the World Bank. A World Bank mission is coming to Argentina, either tomorrow or Thursday, to conclude the negotiations for a short-term disbursement of the first $200 million of a financing loan, and for a new commercial loan for nearly $400 million to support Argentina's participation in world trade, with an immediate release of $200 million. Besides, a package of measures is being negotiated with the World Bank. But I would say that the most important thing is that the World Bank has expressed its support for the financing that Argentina will need in 1988-89.

As for the IMF, as you know, we are negotiating and we believe that this coming weekend we will, in principle, reach an agreement so that we can prepare a letter of intent which we expect to complete this month.

[Sourrouille] You may have also heard rumors that our government is trying to obtain financing from international credit institutions and commercial banks to cover arrears in the foreign debt service. We understand that complete announcements in this regard will be made tomorrow.

[Moderator] Mr Morgan from the BBC.

[Morgan] Mr Minister, my question is this: A few hours ago, U.S. State Secretary George Shultz confirmed that negotiations are under way between Argentina and the United States for a bridge loan.

[Sourrouille] Yes, you know that we have permanent negotiations with our creditors regarding the debt problem. This is what my assistants and I have been doing for the past few days. I reiterate that the detailed information on the country's short-term financial situation will be given tomorrow. [passage omitted]

[Reporter] Dr Sourrouille, I want to ask you this: You should certainly know that prices have been abruptly hiked in recent days, that public rates have been increased by 30 percent, that today you announced devaluations of 12 percent for one market, and of more than 30 percent for another market—this is a series of measures that are inflationary, rather than deflationary. Similarly, since 1985, every 5 or 6 months, plans resembling the present one have been applied. Why should people now believe that inflation will be brought down? The people on the street are not very optimistic about this plan. Would you give your opinion on this?

[Sourrouille] Well, my opinion is obviously different. I must try to give you and the people assurances that the agreement is in fact aimed at bringing down inflation in the short term. Nobody has entered this agreement by force. This is the best answer the government can give the people. Beyond the natural wariness which some people may have about plans such as this, I believe the plan we are unveiling today is the best answer and that in

the face of mistrust and difficulties, we have decided to join forces behind an operation that has the objective of bringing inflation down and keeping it low for the rest of our government office term.

The arguments you put forth are obviously believable, but do not forget that in a period of high inflation it is hard to distinguish who is running ahead of and who is running behind the inflation. This is the problem of high and climbing inflation. In fact, because of the difficulties I mentioned while answering the previous question, the idea we have is that at some moment the indexation should be discontinued. The government has attempted to do this on previous occasions and has succeeded. In general, the move has been successful in the short term, and this is an interesting lesson. But I believe we all know that since June 1985 we have, on more than one occasion, implemented this type of mechanism with results that have become diluted in time. When the Austral Plan was instituted, on the basis of the principle of government authority, by imposing a freeze, its effect lasted a long while because the fiscal, exchange rates, and monetary conditions have been solidly placed down. For various factors, as time went by, the effectiveness of the plan weakened. Perhaps, this happened because we overestimated its success.

On later occasions, in the face of high inflation pressure, the government experimented with mechanisms of this type. But never until today have we tried to deal with the problem of inflationary inertia through an agreement. In my personal view, an agreement is a better bet for the success of the operation—in the first place because nobody enters into an agreement by force, but by choice, demonstrating confidence in the country's future. In the second place, this choice is made based on the correct information on the evolution of public finance and external financing. So, what we can insist on saying is that in periods of high inflation, nobody knows who wins. Lastly, I believe that we all know that everyone loses. For this reason, that is the danger that this situation poses, added to the fact that the country's economic circumstances are more reasonable, the agreement's conclusion was possible. I believe that in this problem, the public sector situation constitutes a large factor. At this point, I believe that the country's economy, in many aspects of its productive activities, is visibly working better than at any other time in the recent past. [passage omitted]

This seems to me the reason why a policy of drastic reduction of the inflation rate has found enough receptivity so that it could be implemented through an agreement this time.

[Reporter] How much is the foreign debt?

[Machinea] Our foreign debt totals $56 billion.

[Moderator] DYN.

[DYN Reporter] What will be the official interest rate for savings accounts tomorrow?

[Machinea] I was, in fact, surprised that this question was not asked earlier. As you know, the interest rate is freely established in the market, both by private and public banks. But if you want an estimate from me, I would say that the reduction of interest rates is tied to the reduction of inflation estimates. I believe the interest rates will drop starting tomorrow, regardless of the inflation rate predictions. However, this is a process that will take time, enough time to see the effects of the measures adopted by the government regarding structural reforms to which Brodersohn referred today regarding the fiscal deficit.

This is why I hope the interest rates will drop tomorrow, and within the next few weeks we will be able to perceive a gradual drop in interest rates. If you want an estimate, I suppose that the interest rate will be higher than 10 percent.

[Reporter] The minister said that the new economic measures will be in effect for 180 days. What will the government do after this period?

[Brodersohn] This is not a 180-day program. What we have agreed to with the Argentine Industrial Union is to work together for 180 days. The program does not end then. I have talked about the implementation of important decisions in 1989, such as stopping our contributions to the Yacyreta and Tucha projects and the Buenos Aires-La Plata highway. We have decided to privatize other enterprises such as Argentine Airlines and ENTEL [National Telecommunications Enterprise]. In the external field there is a decision to deregulate imports. We are confronted with a difficult situation demanding harsh measures in the short term. This is part of our agreement with the Industrial Union. This is also a great challenge.

But we have learned from past mistakes and now we are trying to coordinate our short-term strategy with important long-term measures. This centers on two main areas. First is Argentina's integration with the world through a dynamic export policy. I am not only talking about the agricultural sector, which fortunately this year will benefit from higher prices, but also the industrial sector. Second is the correction of the structural imbalance in the public sector. Therefore, all measures are intended to correct this imbalance which was based on a strong increase in public spending. The pillars of our strategy are the control of these two points: opening the economy, and reducing public spending to allow the growth of the private sector. We are trying to break the inflationary momentum and break the system of indexation of the economy. This is part of the government's problem.

[Moderator] Somos.

[Somos] The explanation Machinea gave on active interest rates is not clear. We do not know what will happen with the commercial exchange rate, either. It is set at 12 percent, but will it stay there? Then there is the minimum salary. Will the government review or implement

measures to help the poor? What about the participation of other organizations in this dialogue, such as the CGI [General Confederation of Industry], for instance?

[Machinea] I expect interest rates to drop. The market will determine its final levels, but I expect it to drop after the other economic measures take hold. The reduction of inflation will force interest rates down and this will help the private sector. We have said the commercial exchange rate will remain frozen until the end of September. [passage omitted]

[Moderator] CRONISTA COMERCIAL.

[CRONISTA COMERCIAL Reporter] Can you elaborate further on the agreement with the Industrial Union? Is it voluntary? Why the 180 days?

[Official] Our initial agreement is with the Industrial Union, but we will also contact other sectors. The Industrial Union represents a great variety of enterprises and has a large membership. That is why we started there. The agreement is voluntary, but we will task a vigilance committee to check on developments. Besides, the government has the legal tools to penalize those who violate the agreement. [passage omitted]

Defense Minister Jaunarena Meets With Shultz

PY0408032088 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2115 GMT 3 Aug 88

[Text] Buenos Aires, 3 Aug (NA)—Today Defense Minister Horacio Jaunarena denied that he considered the possibility of Argentina declaring a formal cessation of hostilities with Great Britain during his conversation with U.S. Secretary of State George Shultz. He also announced that he will visit the United States next September at the special invitation of U.S. Defense Secretary Frank Carlucci.

Carlucci's invitation to Jaunarena was formally made this afternoon by Shultz during their 1-hour meeting. Jaunarena also conveyed to Shultz "the Argentine interest in becoming a supplier of the U.S. Army," referring to the possibility that the U.S. Government may buy some armoured vehicles of the TAM series.

Jaunarena made this announcement a few minutes after Shultz left for the U.S. Embassy, where he will hold a news conference.

Shultz was accompanied by Assistant Secretaries Elliott Abrams and Charles Redman, Deputy Secretary Arnold Schlossberger, and National Security Council representative Clarke Britnall.

The meeting was also attended by U.S. Ambassador Theodore Gildred, Argentine Ambassador to Washington Enrique Candiotti, and Raul Alconada Sempre, Argentine secretary for special affairs.

"No, no, we did not discuss that issue," said Jaunarena in reference to the possibility that Argentina would declare a formal cessation of hostilities with Great Britain.

He said that "we talked about the problem of world disarmament and the situation of U.S.-Soviet relations."

Asked again about the cessation of hostilities, Jaunarena said that "Argentina has a very clear position on this issue. We have repeatedly said that a unilateral declaration has no meaning."

He added: "We have insisted on our willingness to negotiate with Great Britain on all the issues related to the Malvinas. We sincerely believe that if Great Britain agrees to negotiate it would benefit not only Argentina, but everyone, because the British presence on the islands creates an element of tension in the zone."

Asked about a long-range defense policy with the United States considering the upcoming Argentine elections next year, Jaunarena said that "as a sovereign country, we must have our own defense policy based on our own interests."

He said that "if our interests coincide with the interests of other countries it is possible to form a joint policy."

He added that "anything that can be done to achieve a greater understanding of the differing Argentine and U.S. problems will be beneficial to the two countries."

Jaunarena also denied that the Nicaraguan situation was discussed because he said "that is a question under the jurisdiction of the Foreign Ministry."

He said: "We discussed issues related to our Defense Ministries, including the Argentine interest in becoming a supplier of the U.S. Army.

Jaunarena alluded to the possibility that the U.S. Government may buy some armoured vehicles of the TAM series, which were inspected here a few days ago by Army Chief of Staff General Carl Vuomo.

Jaunarena said that this issue will be specifically discussed next September when he travels to the United States to meet with Defense Secretary Frank Carlucci.

There is also the possibility that the U.S. Air Force will buy the Pampa training airplane, which was tested by U.S. Ambassador Gildred and by U.S. pilots 2 months ago.

Bolivia

Government To Prevent Disruption of Order

PY0508023788 La Paz La Red Panamericana in Spanish 0000 GMT 5 Aug 88

[Text] According to Interior Ministry Under Secretary Eduardo Perez Beltran, the government will prevent the strike by bus drivers and demonstrators from other sectors from disrupting public order.

Perez Beltran added that those who do not comply with the country's legal order are hampering its development. He said that Bolivia needs greater participation by its citizens to develop the government plans for progress.

On assessment the country's political situation, Perez Beltran said the situation is calm.

Italy To Grant $180 Million; Accords Signed

PY0408194588 La Paz La Red Panamerica in Spanish 1130 GMT 4 Aug 88

[Excerpt] The Italian Government will provide Bolivia with $180 million for use in major projects in agriculture, power, transportation, communications, and for the emergency social fund. The Bolivian-Italian Government talks, which were held in April, analyzed, among other issues, the 2-year plan of Italian cooperation with Bolivia.

Italian Deputy Foreign Minister Susana Agnelli expedited the signing of the accords, which provide for the disbursement of $180 million. This amount will be invested in profitable projects over a 3-year period.

Bolivian Foreign Minister Guillermo Bedregal and Agnelli signed a protocol of understanding and a document on the bilateral talks, which foresees the investment of the funds in the short term. [passage omitted]

Brazil

Flecha de Lima on Expectations for Shultz Visit

PY0408174488 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Aug 88 p 6

[Text] Brasilia—Yesterday Itamaraty Secretary General Paulo Tarso Flecha de Lima reported that the Brazilian Government will urge U.S. Secretary of State George Shultz, who arrives in Rio de Janeiro tonight, "to seek a political solution to the dispute between the two countries regarding fine chemicals and let common sense prevail in the negotiations." The Foreign Ministry will also express the government's dissatisfaction with the U.S. decision to retaliate against Brazilian products. According to Flecha de Lima, the decision is "rushed, unilateral, and illegal."

Despite the trade problems between the two countries, Flecha de Lima believes the Shultz visit will yield positive results. "Our opinions do not coincide, but they are not antagonistic," he said. During his visit, Shultz will discuss not only bilateral matters, but also Central American, South African, and Middle Eastern matters.

If Shultz asks the Brazilian Government to support President Reagan's policy regarding Nicaragua, the government will firmly answer: "Brazil believes the Central American crisis can only be resolved through peaceful negotiations," Flecha de Lima said.

On 5 August, Shultz will have lunch with President Sarney and then hold working meetings with Ministers Abreu Sodre and Nobrega. Shultz will also visit the Federal Supreme Court.

Sarney on Agreements With Bolivia, USSR Trip

PY0408145888 Brasilia Domestic Service in Portuguese 2200 GMT 3 Aug 88

[Excerpt] This morning before returning to Brasilia President Sarney held a news conference for Brazilian journalists in La Paz. The president commented on the agreements with Bolivia. He stressed the importance of the importation of 3 million cubic meters of Bolivian gas beginning in 1992.

[Begin Sarney recording] This agreement, as opposed to other agreements that larger countries sign with small countries, includes not only the importation of raw material, but also the possibility of Bolivia creating its own industry, using its own labor, applying its own taxes, and increasing its assets. We only assure them a stable market for nearly 25 years. [end recording]

The president also commented on the installation of an office of the Brazilian Cooperation Agency, ABC, in the Brazilian Foreign Ministry.

[Begin Sarney recording] We think Brazil can help small countries through technical cooperation. We have started doing just that throughout Latin America. We have started with some sugar mills. We have also started helping some African countries. [end recording]

Another item was his possible trip to the Soviet Union in October. According to Sarney this trip represents a new stage in Brazilian foreign policy.

[Begin Sarney recording] We began in Latin America. Then we increased our relations with countries with levels of development similar to ours like the PRC and India. This trip to the Soviet Union will broaden the scope of our foreign policy to include world issues. [end recording] [passage omitted]

Guimaraes Accepts Presidential Race Proposal

PY0408032588 Brasilia Domestic Service in Spanish 2200 GMT 3 Aug 88

[Text] Deputy Ulysses Guimaraes held a news conference at the Planalto Palace before returning the Presidency to Sarney. He confirmed he had accepted a proposal to become a contender for the Presidency. Guimaraes said, nevertheless, that he only accepted the possibility of being a candidate because it is the party that will decide at the party convention who the candidate will be.

[Begin Guimaraes recording] I have received an invitation to be nominated and I have consented, but I only answer to the best national interest. My nomination has to be confirmed by the party. [end recording]

Sarney Appoints Aparecido as Culture Minister

PY0408013388 Rio de Janeiro Rede Globo Television in Portuguese 2255 GMT 4 Aug 88

[Excerpt] Today President Jose Sarney appointed Brasilia Federal District Governor Jose Aparecido de Oliveira as the new culture minister. Aparecido is returning to a post well known to him.

Journalist Jose Aparecido was appointed by the late President Tancredo Neves. Therefore, he was the first culture minister of the present administration. However, he did not remain long in his post because he assumed the governorship of the Brasilia Federal District.

Jose Aparecido was born in Minas Gerais State. He is 59 years old and got married in 1964. In 1961, he was elected as a federal deputy. That same year he was appointed President Janio Quadros' private secretary. He again ran for elective office in 1982. [passage omitted]

Chile

Merino Repudiates Free Elections Committee

PY0508023388 Santiago Domestic Service in Spanish 2300 GMT 4 Aug 88

[Text] Admiral Jose Toribio Merino has categorically rejected the creation in the United States of a so-called Committee for Free Elections in Chile. The Navy commander said this strange organization represents a clear example of meddling in the internal affairs of other states. He added that he had said several times before that no one has the right to tell us how to do or where to do things because we are a sovereign and independent country, and proud of this independence.

Not only does the United States want to meddle, through Mr Edward Kennedy, but it has always kept this America, this brunnette America as it is called, as a disguised U.S. colony.

PRN Leader Urges Rejection

PY0408173688 Santiago Domestic Service in Spanish 1030 GMT 4 Aug 88

[Text] National Renewal Party [PRN] President Sergio Onofre Jarpa has called upon Chileans to reject and repudiate the committee in support of free elections that was created in the United States. This committee is headed by Senator Edward Kennedy, who is famous because of Chappaquidick—do not forget the name of the place, Chappaquidik—where he let his secretary drown while he quickly headed home.

Jarpa, who last night went to the PRN headquarters to address the PRN female party members and supporters of the possibilities that the yes vote will happen, said that the creation of the U.S. committee once again demonstrates the interventionism encouraged by Chilean opposition politicians. He said that this action ignores Chilean sovereignty and dignity, adding that these opposition politicians should be sanctioned in compliance with Article 2 of the political parties' law.

Jarpa also said that the decision of the opposition parties to use a rainbow and to suggest an image of cordiality and good will is just a tranquilizer.

[Begin Jarpa recording, in progress] ...on the one hand it is a tranquilizer, but on the other, it is a clear demonstration of the proposals of the communist system. We should not deceive ourselves. There is a serious attempt to draw the country back into the critical and painful situation which we experienced in 1970 and in 1973, with the Soviet and Cuban interventions. Now, besides the Soviet, Cuban, and U.S. interventions, politicians from neighboring countries, who are unable to handle their own affairs, want to teach us lessons. [end recording]

Jarpa added that with these maneuvers, the opposition seeks publicity and dollars, which they will use for their own benefit.

Peruvian Foreign Trade Secretary Arrives

PY0408202988 Santiago Domestic Service in Spanish 1700 GMT 04 Aug 88

[Report by Ricardo Urzua from Arturo Merino Airport]

[Excerpts] Good afternoon. Peruvian Foreign Trade Secretary Dr Enrique Cornejo Ramirez has just arrived in Chile. Cornejo will meet with officials from the Foreign, Economy, and Finance Ministries as well as Central Bank officials.

Upon his arrival, Cornejo told journalists that the main objective of his visit is to promote trade and bilateral cooperation. [passage omitted]

Cornejo also told journalists that one of Peru's main objectives is to reach an agreement for the purchase of Chilean newsprint.

He commented on Peru's closing its borders to prevent some basic commodities from leaving the country. Cornejo said this measure, which has already been lifted, was taken to protect some products which were granted subsidies in Peru in order to protect the poorest sectors.

Finance Minister To Sign New Debt Contract

PY0408202088 Santiago Domestic Service in Spanish 1030 GMT 4 Aug 88

[Text] Last night Chilean Finance Minister Hernan Buchi left for New York to sign a contract regarding the Chilean foreign debt. This contract, which allows for more flexible terms, was approved by international creditor banks in April 1988.

The signing ceremony will also be attended by the Chilean Central Bank president, the Chilean ambassador to the United States, and the coordinator and head of the negotiating team.

The accords will be signed at 1700 this afternoon at Manufacturers Hanover Trust, which is the institution that heads the committee of the 12 creditor banks.

Among other things, this accord will reduce the credits that yield fresh money and will open the possibility of accelerating the process of reducing the foreign debt through negotiations of foreign debt notes on the market.

Foreign Debt Reduced

PY0508004488 Santiago EL MERCURIO in Spanish 26 Jul 88 p B-1

[Excerpt] According to official records, through the redemption of foreign debt notes, the Chilean foreign debt has been reduced by $204.4 million during the first 5 months of this year.

This latest reduction means that the Chilean foreign debt has dropped by $898.7 million during the first 6 months of this year.

Since the implementation of the debt conversion system, from mid 1985 to date, the foreign debt has been reduced by $4.192 billion.

Operations carried out in January total $193.7 million; $150.3 million in February; $184.6 million in March; $75.5 million in April; $90.2 million in May; and $204.4 million in June. [passage omitted]

ANALISIS Magazine Reporter, Director Detained

PY0508024188 Madrid EFE in Spanish 1330 GMT 4 Aug 88

[Text] Santiago, 4 Aug (EFE)—Chilean journalist Alvaro Rojas of the opposition magazine ANALISIS has been detained on orders of a Santiago military prosecutor. Yesterday Rojas showed up to testify along with ANALISIS director Juan Pablo Cardenas. Both men had been sought by a military prosecutor due to an article published in the magazine's 215th issue, some 5 months ago. The article is considered to be have been offensive to the Armed forces.

Cardenas was released last night after spending several hours at the military court. Rojas remains in custody.

The ANALISIS director is currently serving a sentence of 541 nights of imprisonment for editorials in his magazine considered to be offensive and insulting to the Armed forces.

3 Convicted of 'Presumed Terrorist Actions'

PY0408221588 Santiago Domestic Service in Spanish 1700 GMT 4 Aug 88

[Text] Three individuals have been convicted on charges of presumed terrorist actions in and around Punta Arenas. The charges had been brought against them by military prosecutor Luis Penne.

A fourth person that was also detained has been held incommunicado and has been submitted for questioning. The police are also searching the Magallanes region for another man who also faces several charges.

The convicted individuals were identified as Hector Maurico Flores Velazquez, alias El Tamba; Gerardo Paredes Soto; and Hector Enrique Oyarzun Obando, alias Commander Hector. They were detained last Friday with eight other people who were later released because of insufficient evidence.

In another antisubversive police operation, Osvaldo Garrido de Arbo and two others were also detained. They were released after lengthy questioning.

An arrest warrant against Juan Carlos Marques Maldonado, alias El Loco, is being enforced in different towns and regions of Magallanes, where a search is being conducted. The arrest order was issued by the military prosecutor on charges that Marques Maldonado was reportedly engaging in subversive actions and training other people to attack the community and to disrupt public order.

Paraguay

Interior Minister Authorizes Church Protest

PY0408152488 Asuncion EL DIARIO in Spanish 4 Aug 88 p 10

[Text] The government will allow the so-called procession of silence to be carried out, but there will be strict control to "prevent disturbances." The procession has been organized by the church hierarchy and will be carried out on 6 August. Interior Minister Sabino

Augusto Montanaro himself confirmed that the procession could be held when the press questioned him about it. He thus denied the report that the government would ban the procession.

Montanaro was questioned at the end of a meeting held at the Colorado precinct of Nemby, where he was the main speaker. "The procession of silence can be carried out without any obstacles, but we are going to police it to prevent any disturbances during the procession," Montanaro said.

Student Leader Leaves for U.S. After Threats

PY0408152888 Asuncion EL DIARIO in Spanish 4 Aug p 19

[Excerpt] Yesterday Hugo Yubi, Student Center president of the Philosophy College of National University, left the country by plane. According to Student Center members, Yubi's departure was caused by several threats he had received.

Norma Ubaldi, also a member of the Student Center, said: "Yubi decided to leave in view of the lack of guarantees offered by the country and because of insecurity he has been experiencing for many months."

Ubaldi added: "Reliable sources have told us that Yubi has been under strong pressure and had received several death threats. Therefore, he decided to leave for the United States." [passage omitted]

Peru

Garcia Meets Representatives of African Nations

PY0408223988 Lima Television Peruana in Spanish 1800 GMT 4 Aug 88

[Text] This morning President Alan Garcia reiterated his rejection of apartheid and his support for Namibian liberation.

Garcia made this remark during his meeting with representatives of the African Fund and members of the Frontline States at the Government Palace today. The representatives are participating in a meeting organized by the Peruvian Foreign Ministry.

President Garcia, who was accompanied by Foreign Minister Luis Gonzalez Posada, also saluted RSA leader Nelson Mandela who, he said, is the flag-bearer of the struggle against apartheid. An excerpt of his speech follows:

[Begin Garcia recording] It is a great pleasure for me to receive you, representatives of the African Fund and of the Frontline States, in the Peruvian Government House.

In Zimbabwe we laid the groundwork for this initiative. A very major step was taken to concentrate the efforts of the nonaligned countries on a very important subject. These efforts have been very useful in fusing and uniting the countries involved in this struggle.

I remember with great emotion our meeting with Prime Minister Rajiv Gandhi and the other heads of state in India.

I think time has matured the great objectives of this organization. The passage of time calls us to measure up to our responsibility and to produce an answer for the next meeting of the nonaligned countries. I am concerned about our capability to implement our objectives before the summit next year. I am sure this issue will be one of the great topics at the nonaligned meeting.

Regarding the objectives of the Fund, as the foreign minister must have said, Peru fully identifies itself with the struggle of the Frontline States and with the world rejection of apartheid. We consider this issue to be very important and Nelson Mandela to be the world flagbearer of this struggle. We maintain our position regarding liberation of Namibia. I had the honor of receiving the president of the South-West African People's Organization. I received Sam Nujoma here.

This was an unforgettable experience for me and for Peru because it brought very important moral causes to the attention of a society of limited development such as Peru. This is much more important than our immediate material development.

This has been one of the very important contributions of the African Fund and its struggle against apartheid. The Fund is slowly making African issues known in Peru and in Latin America. I am sure this will enrich us morally and politically. [end recording]

Vargas, Visiting Soviet Official View Relations

PY0508005088 Lima Television Peruana in Spanish 1800 GMT 4 Aug 88

[Interview with Hector Vargas Haya, president of the Chamber of Deputies, and P.K. Khabibullayev, deputy chairman of the USSR Supreme Soviet, by unidentified reporter in Lima on 4 August—recorded; Khabibullayev's remarks in Russian with passage-by-passage translation into Spanish]

[Excerpt] [Reporter] Mr President of the Chamber of Deputies, what can you tell us about the visit of Mr Khabibullayev, deputy chairman of the USSR Supreme Soviet Presidium?

[Vargas] It is a very important and brotherly visit, particularly for congressmen of the Soviet Union and Peru. They have been kind enough to come to my office to offer us their cooperation in all fields, including the

cultural, economic, social, and artistic fields. But what is most important, they have brought very important ideas that will help to attain national pacification.

[Reporter] Mr Khabibullayev, what is your opinion, as a representative of a world power, of the current Latin American and Peruvian situations?

[Khabibullayev] We have come to Peru with hope. We value the successes of the Peruvian people, their culture, historical traditions, successes, and present achievements. We just met with the president of the Chamber of Deputies. He said that Peruvian-Soviet relations have been strengthened, that our relations have taken a turn for the better. We give credit for this to the president of the Republic and the congressmen. This is also possible because of our new process of perestroyka and the role of our leader, General Secretary Gorbachev.

[Reporter] Will you get in touch with the Marxist party in Peru?

[Khabibullayev] We do not have time for this because we are leaving early tomorrow. We hoped to remain longer to better appraise this beautiful country. I liked Lima very much. [passage omitted]

Uruguay

President Receives FRG Economy Minister

PY0408191588 Montevideo Radio Carve in Spanish 0930 GMT 4 Aug 88

[Excerpt] FRG Federal Economics Minister Martin Bangemann said that the EEC is trying to eliminate commercial protectionism. After meeting with President Julio Sanguinetti for almost 1 hour at the Libertad building, Bangemann said he has observed that Uruguay has developed the economic conditions which are necessary for building its own future.

The visitor said that the Uruguayan economic policy is a major contribution because it is based on competition and it promotes the private sector as the main conduit through which to increase exports. [passsage omitted]

Bangemann on U.S. Trade Law

LD0408135388 Hamburg DPA in German 1311 GMT 4 Aug 88

[Excerpts] Washington (DPA/VWD)—Last night the U.S. Senate passed by 85 to 11 votes one of the most controversial bills in recent years in the form of a protectionist trade bill. [passage omitted]

Federal Economics Minister Martin Bangemann, who is currently on a South American tour, had his ministry in Bonn state the following: The U.S. President's intention to sign the U.S. protectionist trade law is noted with regret. This law, the economics minister said, could prove a mighty burden to free international trade. It would impede work in the Uruguay round of GATT. Bangemann appealed to those in responsible positions in Washington to apply the regulations of this law in practice as sparingly as possible. [passage omitted]

Venezuela

Lusinchi on Factors Affecting Economy, Debt

PA0508034688 Caracas Venezolana de Television Canal 8 in Spanish 0052 GMT 5 Aug 88

[Speech by President Jaime Lusinchi from the Ayacucho Room at Miraflores Palace in Caracas—live]

[Text] Fellow countrymen, I greet you cordially and ask for a few minutes of your time in order to explain a few things to you.

Along with our ministers and advisers, who are involved in every sector of national life, we have been studying the development of the national and international economy. Special attention has been paid to the behavior of the oil industry, industrialized nations' protectionist measures, national and international debt problems, and, particularly, the effects of all these problems on Venezuela.

We have analyzed the fiscal repercussions of these problems, the effects on our balance of payments, our exchange and monetary policy, and inflation—thus, the effects on the country's social and economic development.

As everyone knows by now, we have always acted prudently but firmly when defending the country's welfare. No one can doubt the seriousness of our behavior or the way in which we have capitalized on the positive factors and minimized the negative effects. The situation we were forced to handle was difficult, very difficult. We tackled problems related to the foreign debt we inherited from an era when we had the greatest volume of resources but handled them in a disorganized way. This inherited foreign debt endangered our country's economic health and prestige. We were able to confront our responsibilities and honor our commitments. The unusual drop in the price of oil was confronted with austerity, proper management, and by calling on the Venezuelan people to help overcome the situation with their efforts and sacrifice. Had we not done this, or had the Venezuelan people not helped, the situation today would be chaotic. Fortunately, this chaos did not materialize.

Speaking realistically, our policy to date has been successful. We have been able to struggle against unemployment; we have experienced economic growth; and we take care of our people's needs within the means we have available. Most important, however, we have been able to maintain a climate of coexistence and social harmony within an increasingly stronger democracy. This has resulted in a greater development of the Venezuelan people's potential.

However, the current situation—influenced, as I said before, by international factors that exert pressure on our economy—forces us to change our ways and to adapt to our new reality. We will continue to do this without sacrificing development. We will ask the Venezuelan people for a greater contribution in finding a solution to our nation's problems and in making Venezuelan society productive and beneficial to all citizens. In so doing, we will fulfill our commitments to the Venezuelan people and to the international community.

I am aware of the fact that we are currently preparing for an election and that this must be taken into consideration. However, Venezuela knows me. Venezuela knows that when something has to be done I will study the matter and do what I must do. I will do what is necessary for my country. I do not think of the elections when I have duties to fulfill. I am sure that the people will, once again, recognize the efforts we are making to overcome another difficult situation confronted by this administration.

Foreign debt payment obligations—agreed to after Venezuela was promised loans and planned on the basis of a reasonably stable oil income—has forced us to work toward overcoming the crisis. However, this has also limited us. We have repeatedly told the world that the outcome was not what we expected. This has been a key factor. This is why today we must once again deal with the foreign debt problem.

Therefore, I wish to announce to the country that I have decided to appoint a commission, formed by Finance Minister Hector Hurtado, Central Bank of Venezuela President, Mauricio Garcia Araujo, (Carmelo Lauria LeSeur), and (Reinaldo Figueredo), to meet with creditor banks and with governments of the developed countries where these banks are headquartered, and with international financial organizations. The commission will be responsible for reaffirming our willingness to meet our obligations. The commission will also clearly and emphatically express our need for more loans and to renegotiate our foreign debt payments in the near future.

We were allowed to borrow money using our oil as collateral, and we are going to pay what we can afford according to our oil revenues. This has always been and will continue to be our official position. No measures will be adopted precipitously. All measures will be properly studied. However, it would be a senseless move—and we are not senseless people—to continue handling the debt as we have done to date.

With these precise and categorical instructions, we have appointed the commission. We hope that our country's serious behavior will bear good results and that we will find the necessary understanding to resolve our current economic situation peacefully. Our creditors and the Venezuelan people can rest assured that we will make all the necessary internal readjustments to guarantee the proper management of our economy. In so doing, we will keep the nation's best interests close to our hearts. The country's Gordian knot is our foreign debt, and we have already decided to cut that knot. Using the tactical expertise this type of negotiation calls for—as we always do—we will keep the country informed of the results of these negotiations, which are so important for Venezuela's future.

Fellow countrymen, this is what I wanted to tell you. I hope you will understand this decision and have faith in the structural reorganization of our economy. You should have trust in our ability to overcome this difficult situation. I am convinced of what I am saying. I ask for your trust. The people can always count on me. I will always feel that I have the support of my people. Good night.

Country 'About' To Suspend Interest Payments

PA0408175488 Paris AFP in Spanish
1515 GMT 4 Aug 88

[Text] Caracas, 4 Aug (AFP)—Citing parliamentary sources of the official Democratic Action (AD) Party, today the prestigious Caracas newspaper EL UNIVERSAL reported that Venezuela is about to suspend interest payments on its foreign debt.

According to the newspaper, the government is also planning to resume debt negotiations with banks, as agreed during a meeting between President Jaime Lusinchi and Carlos Andres Perez, AD presidential candidate in the upcoming December elections, and other party leaders.

The report comes out on the eve of a trip to Washington [words indistinct] a "fresh money" injection of between $2 and $3 billion in the next few months.

The Chase Manhattan Bank is coordinating a meeting of creditors.

Venezuela has a foreign debt of nearly $32 billion, $25.697 billion (as of 31 December 1987) of which is owed by the state.

Service payments on the debt caused a $5 billion outflow in 1987. A similar amount, which is equivalent to one-half of export revenues, is committed for 1988.

According to Finance Ministry figures, interest payments on the total public debt will total $2.2 billion in 1988.

Payments on the private foreign debt, estimated at $6 billion, will total $1.2 billion (principal plus interest) in 1988, and the rest will be used to mortgage public debt principal not renegotiated with the banks.

A drop in petroleum revenues, however, has created a new situation because international reserves, which stood at $9.376 billion in December 1987, dropped to $8.2 billion last July and operational (liquid) reserves dropped from $3.5 to $2.5 billion.

The Lusinchi government had until now refused to consider renegotiation with the banks, despite requests from some AD leaders, the political opposition, labor unions, and business sectors, claiming that it is "virtually on its way out" with the elections coming soon.

The drop in reserves, which has caused liquidity and "dollarization" problems for the domestic economy, is surely causing a change of course.

It was also unofficially announced that adjustments to interest rates and imports are being planned to ease public finances.

The possibility of suspending interest payments could be a strategy to apply additional pressure on the banks in the debt negotiations.

Meanwhile, in the political arena, Perez is leading in the polls as the possible successor to Lusinchi in February 1989.

Report Denied

PA0508021088 Caracas Venezolana de Television Canal 8 in Spanish 0010 GMT 5 Aug 88

[Text] Finance Minister Hector Hurtado emphatically denied that Venezuela will suspend foreign debt payments. He said, on the contrary, that negotiations are under way with international banks to obtain new loans:

[Begin Hurtado recording] It is absolutely false. I want to deny it emphatically. I deplore reports of this nature that are published just to have a scoop, without thinking about the grave consequences this may have on the country's economy and its foreign credit. [end recording]

The finance minister said this type of report only causes lack of confidence and loss of credibility in the country's credit on the international financial markets, which could cause a suspension of letters of credit for projects vital to the country's development at this time.

Asked if that report on the debt payments published here in Venezuela had any international repercussions, Hurtado replied:

[Begin Hurtado recording] Yes, I have received reports that this could affect some projects we are planning. I believe the bankers with whom we have been negotiating over those projects will understand that it was an unfounded report and that we will continue the debt payments. [end recording]

Hurtado announced that Venezuela will continue its negotiations with the international banks, adding that on 22 August he will travel to Great Britain to sell 150 million pounds of sterling public foreign debt bonds on the British market. Regarding his forthcoming visit to the United States, Hurtado said it will not take place until some contacts are made, which is why no date has been set. He explained that the country's economic problems are not easy to resolve, the loss of oil income has been a determining factor, and the country's oil revenues have dropped by almost one-third.